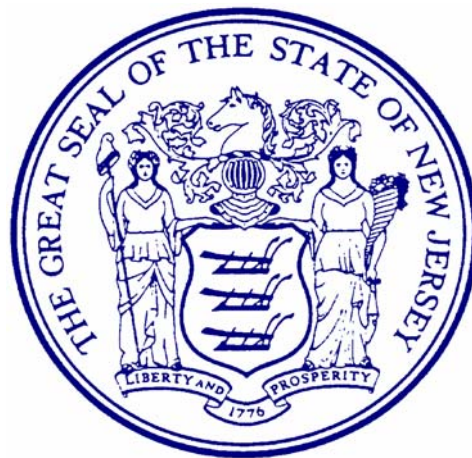


Bally's Park Place, Inc (Bally's Atlantic City)

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

Bally's Park Place, Inc (Bally's Atlantic City)

BALANCE SHEETS

AS OF MARCH 31, 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$43,694	
2	Short-Term Investments.....		0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$ 6903).....	2	192,386	
4	Inventories		1,065	
5	Other Current Assets.....	3	19,136	
6	Total Current Assets.....		256,281	0
7	Investments, Advances, and Receivables.....	1&4	38,239	
8	Property and Equipment - Gross.....	1&5	683,259	
9	Less: Accumulated Depreciation and Amortization.....	1&5	(20,766)	
10	Property and Equipment - Net.....		662,493	0
11	Other Assets.....	6	488,030	
12	Total Assets.....		\$1,445,043	\$0
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$14,590	
14	Notes Payable.....		0	
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	
16	External.....		58	
17	Income Taxes Payable and Accrued.....		2,903	
18	Other Accrued Expenses.....	7	30,172	
19	Other Current Liabilities.....	8	9,361	
20	Total Current Liabilities.....		57,084	0
	Long-Term Debt:			
21	Due to Affiliates.....	9	584,000	
22	External.....	9	905	
23	Deferred Credits	1	151,586	
24	Other Liabilities.....	10	1,623	
25	Commitments and Contingencies.....	1	0	
26	Total Liabilities.....		795,198	0
27	Stockholders', Partners', or Proprietor's Equity.....		649,845	
28	Total Liabilities and Equity.....		\$1,445,043	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$160,186	
2	Rooms.....		11,968	
3	Food and Beverage.....		20,270	
4	Other.....		6,751	
5	Total Revenue.....		199,175	0
6	Less: Promotional Allowances.....		41,124	
7	Net Revenue.....		158,051	0
	Costs and Expenses:			
8	Cost of Goods and Services.....		106,522	
9	Selling, General, and Administrative.....		9,219	
10	Provision for Doubtful Accounts.....		78	
11	Total Costs and Expenses.....		115,819	0
12	Gross Operating Profit.....		42,232	0
13	Depreciation and Amortization.....		11,305	
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	
15	Other.....	11	2,777	
16	Income (Loss) from Operations.....		28,150	0
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	9	(12,410)	
18	Interest Expense - External.....		(183)	
19	CRDA Related Income (Expense) - Net.....		(1,265)	
20	Nonoperating Income (Expense) - Net.....	12	(660)	
21	Total Other Income (Expenses).....		(14,518)	0
22	Income (Loss) Before Taxes and Extraordinary Items.....		13,632	0
23	Provision (Credit) for Income Taxes.....		7,006	
24	Income (Loss) Before Extraordinary Items.....		6,626	0
25	Extraordinary Items (Net of Income Taxes -).....		0	
26	Net Income (Loss).....		\$6,626	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc (Bally's Atlantic City)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2005.....		100	\$1			\$628,725		\$14,493	\$643,219
2										0
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6										0
7										0
8										0
9										0
10	Balance, December 31, 2005.....		100	1	0	0	628,725	0	14,493	643,219
11	Net Income (Loss) - 2006.....								6,626	6,626
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15										0
16										0
17										0
18										0
19	Balance, March 31, 2006		100	\$1	0	\$0	\$628,725	\$0	\$21,119	\$649,845

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc (Bally's Atlantic City)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$24,244	\$0
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(6,449)	0
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations		(2,011)	
7	Other Investments, Loans and Advances made.....		826	
8	Proceeds from Other Investments, Loans, and Advances		618	
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(7,016)	0
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(128)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Payments in payable to/receivable from affiliate		(20,831)	
22				
23	Net Cash Provided (Used) By Financing Activities.....		(20,959)	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(3,731)	0
25	Cash and Cash Equivalents at Beginning of Period.....		47,425	
26	Cash and Cash Equivalents at End of Period.....		\$43,694	\$0
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$12,593	
28	Income Taxes.....		\$7,006	

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc (Bally's Atlantic City)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	(d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$6,626	\$0
30	Depreciation and Amortization of Property and Equipment.....		7,819	
31	Amortization of Other Assets.....		3,486	
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current		3,533	
34	Deferred Income Taxes - Noncurrent		(121)	
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		1,265	
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(595)	
39	(Increase) Decrease in Inventories		106	
40	(Increase) Decrease in Other Current Assets.....		2,325	
41	(Increase) Decrease in Other Assets.....		(335)	
42	Increase (Decrease) in Accounts Payable.....		7,167	
43	Increase (Decrease) in Other Current Liabilities		(7,054)	
44	Increase (Decrease) in Other Liabilities			
45	Increase (Decrease) in other noncurrent Liabilities.....			
46	excluding debt		22	
47	Net Cash Provided (Used) By Operating Activities.....		\$24,244	\$0

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$6,449)	
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$6,449)	\$0
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc (Bally's Atlantic City)
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	117,069	\$8,208		
2	Food	626,840	8,944		
3	Beverage	2,361,473	4,723		
4	Travel			15,527	1,074
5	Bus Program Cash	254,229	4,769		
6	Other Cash Complimentaries	369,489	11,120		
7	Entertainment	207,201	1,036	1,198	150
8	Retail & Non-Cash Gifts	42,953	1,785	24,364	2,840
9	Parking	475,820	476	237,910	714
10	Other	2,095	63	55,739	691
11	Total	4,457,169	\$41,124	334,738	\$5,469

FOR THE THREE MONTHS ENDED MARCH 31, 2006

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	117,069	\$8,208		
2	Food	626,840	8,944		
3	Beverage	2,361,473	4,723		
4	Travel			15,527	1,074
5	Bus Program Cash	254,229	4,769		
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8	Retail & Non-Cash Gifts	42,953	1,785	24,364	2,840
9	Parking	475,820	476	237,910	714
10	Other	2,095	63	55,739	691
11	Total	4,457,169	\$41,124	334,738	\$5,469

Bally's Park Place, Inc (Bally's Atlantic City)
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

March 31, 2006

Date



Controller

Title

#7091-11

License Number

On Behalf of:

Bally's Park Place, Inc. NJ

Casino Licensee

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation (the "Company"), an indirect, wholly owned subsidiary of Harrah's Operating Company, Inc. ("HOC"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

Prior to June 13, 2005, the company was 100% owned by Caesars Entertainment, Inc ("CEI"). On June 13, 2005, Harrah's Entertainment, Inc. ("Harrah's") completed the acquisition of 100 percent of the outstanding shares of CEI. Following the purchase, the Company became an indirect wholly-owned subsidiary of Harrah's.

In conjunction with the acquisition, total equity was adjusted to the purchase price assigned to the Company, retained earnings of the Company were eliminated and the assets and liabilities of the Company were adjusted to fair value with goodwill recorded for the excess of the purchase price over the fair value of the net tangible and intangible assets. Harrah's determined the estimated fair values based on independent appraisals, discounted cash flows, quoted market prices and estimates made by management. The purchase price allocation is in process and will be completed within one year of the acquisition; thus, the allocation of the price is subject to refinement. The following table summarizes the estimated fair value of the Company's assets acquired and liabilities assumed at the date of acquisition (in thousands):

Current assets	\$ 45,102
Land, buildings and equipment	673,542
Other assets	50,364
Due from affiliates (net)	151,573
Goodwill	303,907
Intangible assets	<u>184,000</u>
Total assets acquired	<u>\$ 1,408,488</u>
Current liabilities	\$ 55,353
Deferred income taxes	137,382
Other liabilities	1,787
Long-term debt	<u>585,240</u>
Total liabilities assumed	<u>\$ 779,762</u>

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected on December 31, 2005 and in its statement of operations for the three months and twelve months ended December 31, 2005 and in its statement of cash flows for the twelve months ended December 31, 2005. The operations of the Company for the periods prior to June 13, 2005 are considered the "Predecessor Company." The operations of the Company for the period from June 14, 2005 are referred to in these financial statements as the "Company." The

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Company's balance sheet, statements of income and statements of cash flow are not comparable to the Predecessor Company and are not presented here. For information on prior year, please refer to the Quarterly Report at March 31, 2005. The Company has assumed all Predecessor Companies obligations.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2006 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue Recognition

Casino revenues consist of net gaming wins. Food and beverage and rooms revenues include the aggregate amounts generated by those departments.

Casino Promotional Allowances

Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as Casino expenses in the accompanying Statements of Income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$ 7,819 for the three months ended March 31, 2006.

<u>Asset class</u>	<u>Life</u>
Land Improvements	12 years
Building and Improvements	30-40 years
Furniture, Fixtures and Equipment	3-10 years

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, the Company performs at least an annual review of goodwill and non-amortizing intangibles. The purchase price allocation related to the Caesars acquisition is in process and will be completed within one year of the acquisition; thus, the allocation of the purchase price is subject to refinement. The Company completed its annual assessment for impairment during the fourth quarter of 2005 and determined that goodwill and non-amortizing intangible assets had not been impaired. In accordance with the provisions of SFAS No. 142, the Company does not amortize goodwill.

The intangible assets include trademark totaling \$19 million and customer relationships (database) totaling \$165 million. The trademark has been determined to have a useful life of five years and the customer relationships have been determined to have a useful life of 17 years, and are being amortized using the straight-line method. Amortization expense for the three months ended March 31, 2006 was approximately \$3,486. Based on the value allocated to amortizing intangibles as of December 31, 2005 per the preliminary purchase price allocation, estimated annual amortization expense for each of the years ending December 31, 2006, 2007, 2008 and 2009 is approximately \$13.5 million and for the year ending December 31, 2010 is approximately \$11.5 million.

Total Rewards Program

Our customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of our casinos throughout the United States. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, we accrue the expense of Reward Credits, after consideration of estimated breakage, as they are earned. The value of the cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Casino expense on our Statements of Income. To arrive at the estimated cost associated with Reward Credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which Reward Credits will be redeemed. We use historical data to assist in the determination of estimated accruals.

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). We accrue the cost of cash-back points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in Casino promotional allowances on our Statements of Income.

Fair value of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at March 31, 2006.

Investments in subsidiaries

The Company has an investment in Atlantic City Country Club reflected in the accompanying financial statements using the equity method.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Accounting Pronouncements

There were no accounting standards issued in first quarter 2006 that are expected to materially impact the Company.

Income Taxes

The Company is included in the consolidated federal tax return of Harrah's and files a separate New Jersey tax return. The provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for state taxes is based on the statutory New Jersey tax.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide \$34 million over a four year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of \$4,800,000, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Receivables and patrons' checks as of March 31 consist of the following:

	<u>2006</u>
Casino Receivables (net of allowance for doubtful accounts \$6,601)	\$ 5,338
Other (net of allowance for doubtful accounts of \$302)	4,694
Due from Harrah's	155,727
Due from Caesars	25,822
Due from Affiliates	805
	<u><u>\$ 192,386</u></u>

NOTE 3- PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of March 31 consist of the following:

	<u>2006</u>
Tax Deferred Asset	\$ 13,672
Other	5,464
	<u><u>\$ 19,136</u></u>

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consist of the following:

	<u>2006</u>
Investment in wholly owned subsidiaries (see Note 1): Atlantic City Country Club, Inc.	\$ 14,398
Casino Reinvestment Development Authority Investment obligations (less valuation reserves of \$14,217)	23,158
Jacobs Family Terrace mortgage receivable (less reserve of \$250)	683
	<u><u>\$ 38,239</u></u>

NOTE 5- PROPERTY AND EQUIPMENT

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Property and equipment as of March 31 consist of the following:

	2006
Land	\$ 74,260
Buildings and improvements	521,437
Furniture, fixtures and equipment	78,067
Construction in progress	9,495
	<u>\$ 683,259</u>
Less accumulated depreciation and amortization	<u>(20,766)</u>
	<u><u>\$ 662,493</u></u>

See Note 1 for discussion of asset revaluation.

NOTE 6- OTHER ASSETS

Other assets as of March 31 consist of the following:

	2006
Goodwill	\$ 303,907
Trademark, less accumulated amortization of \$3,029	15,971
Intangible asset, less accumulated amortization of \$7,738	157,262
Long Term CRDA	8,970
Other	1,920
	<u>\$ 488,030</u>

See Note 1 for discussion of Goodwill and other intangible assets.

NOTE 7- OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	2006
Accrued Payroll	\$ 14,198
Other	15,974
	<u>\$ 30,172</u>

NOTE 8- OTHER CURRENT LIABILITIES

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Other current liabilities as of March 31 consist of the following:

	2006
Chip and token liability	\$ 2,005
Due to affiliates	7,108
Other	248
	<u>\$ 9,361</u>

NOTE 9- LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of March 31 consist of the following:

	2006
Long-term debt due to affiliates:	
8.5% Note payable to Caesars Entertainment Finance Corporation ("CEFC") due January 1, 2009	\$ 500,000
8.5% Note payable to CEFC due May 31, 2011	33,500
8.5% Note payable to CEFC due May 31, 2011	50,000
8.5% Note payable to CEFC due April 30, 2013	500
	<u>\$ 584,000</u>
Long-term debt-other:	
Other secured and unsecured debt	<u>\$ 905</u>

In January 1999, the Company executed a \$500,000 note payable to CEI with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, CEI assigned the \$500,000 note to Park Place Finance Corporation. On March 9, 2004, Park Place Finance Corporation changed its name to Caesars Entertainment Finance Corporation. On June 1, 2001 the Company executed two notes payable in the amounts of \$33,500 and a \$50,000 to CEFC each with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. In April 2004, the Company executed a \$500 note payable to CEFC with interest at a rate of 8.5% per annum, payable on the last business day of each month (see note 1).

NOTE 10- OTHER LIABILITIES

Other liabilities as of March 31 consist of the following:

	2006
Retirement and other employee benefit plans	\$ 1,595
Other	28
	<u>\$ 1,623</u>

NOTE 11 – RELATED PARTY TRANSACTIONS

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

The Company participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The Company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

Certain of the more significant intercompany relationships between the Company and HOC are discussed in this footnote.

Cash Activity with HOC and Affiliates

The Company transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Company are also made based upon the needs to the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. In addition, the Company transfers cash to HOC to reimburse HOC for payroll costs of certain HOC employees who provide services to the Company. No interest is earned on the amount shown as due from affiliates, net, in the accompanying financial statements.

Administrative and Other Services

Harrah's allocates certain expenses to the Company, such as information technology, internal audit and risk management. These expenses are allocated using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable. The company was allocated \$2,777 for these services for the three months ended March 31, 2006.

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended March 31 consists of the following:

	2006
Interest Income	\$ 314
Project Write Downs	(874)
Other	(100)
	<u>\$ (660)</u>